

EXECUTIVE SECRETARIAT  
BUREAU OF INTELLIGENCE AND RESEARCH

CURRENT REPORTS

November 14, 1981

1 UNDER SECRETARY STOESSEL'S DISCUSSIONS WITH PRC OFFICIALS

A. Sino-Soviet Border Talks

Vice Premier/Foreign Minister Huang Hua told Under Secretary Stoessel November 12 that China has not yet decided how to respond to the Soviet proposal to resume border talks but would prefer to avoid them. He assured Stoessel that PRC relations with the USSR are not a "card" to be played in Sino-American relations.

Embassy Beijing Comment: Chinese Foreign Ministry officials say they do not think the Soviet proposal is serious, and believe the Soviets proposed the resumption of border talks, knowing they would be more difficult to refuse than broader negotiations. The Chinese thus seem to be suggesting that while border talks may be resumed, they have little chance of success and should not be seen as related to developments in Sino-American relations.  
(CONFIDENTIAL/EXDIS)

B. Kampuchea

Vice Foreign Minister Zhang told Under Secretary Stoessel that he is optimistic about the possibility of a Kampuchean coalition and overall prospects for the region. He also said China:

--hopes the US can persuade Son Sann to participate in a coalition government;

--is already providing aid to Son Sann to help him strike a balance of forces with the DK and thereby bolster his confidence in a coalition;

--supports the DK position that a future Kampuchea be neither socialist nor communist; and,

--would welcome US advice on how to improve relations with ASEAN countries. (CONFIDENTIAL/EXDIS)

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TOP SECRET/EXDIS/CODEWORD

- 2 -

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### 3. USSR/GULF STATES: DIPLOMATIC TIES

At Kuwait's urging, representatives from Abu Dhabi, Qatar, and Bahrain at the November 11 meeting of the Gulf Cooperation Council said their governments would establish relations with the USSR. According to a clandestine report of the meeting, Saudi Prince Fahd agreed in principle to the idea of normalizing relations, but said his government would have to consider the matter further.

INR Comment: The Soviets, who have diplomatic ties only with Kuwait, have long desired relations with the Gulf States, especially Saudi Arabia. They would see normalization as a step toward establishing a presence in the region and ending the Western monopoly. Kuwait presumably views the move as inevitable recognition of the USSR's superpower status and as a message to the US to be more even-handed on Arab-Israeli issues. We believe the Saudis oppose establishing relations with Moscow, and might work behind the scenes to prevent the other Gulf States from doing so.  
(SECRET/NOFORN/NOCONTRACT/ORCON)

### 4. ITALY: SOMEWHAT CLOSER RELATIONS WITH THE PLO

Foreign Minister Colombo told the Italian Senate that Italo-PLO relations have undergone a "broadly positive evolution" since contact with the Palestinian organization was initiated in 1974. Colombo described some (unspecified) statements by Arafat as "elements of this evolution" and noted that the Italian Ambassador to Lebanon had for the first time held an "official" meeting with Arafat. According to Embassy Rome, an Italian Foreign Ministry official confirmed that Colombo's statement signals "slightly expanded" relations with the PLO. (CONFIDENTIAL)

### 5. EL SALVADOR

#### A. Military Operations To Defend Dams

Junta Vice President Gutierrez told Ambassador Hinton yesterday that Salvadoran military forces have conducted a successful anti-guerrilla operation in the area of the country's two major hydro-electric dams. He credited the success to good intelligence and better than usual cooperation from the Hondurans who blocked escape routes. He said there were significant losses on both sides. Nevertheless, an Armed Forces of National Resistance commander reported yesterday that his unit would proceed with a planned operation, probably against the Cerro Grande Dam, according to an intercepted guerrilla message.